

PROCEDURE 0620.02
Issued August 15, 2000

SUBJECT: Submissions to the Finance and Claims Committee.

APPLICATION: Executive Branch Departments and Sub-units.

PURPOSE: To outline procedures for submitting materials to the Finance and Claims Committee of the State Administrative Board.

CONTACT AGENCY: Department of Management and Budget (DMB) - State Administrative Board.

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SUMMARY: The Secretary of the State Administrative Board reviews all material presented for State Administrative Board approval and prepares the agenda for the meetings of the Finance and Claims Committee of the State Administrative Board.

APPLICABLE FORMS: CS-138, Contractual Services Request.
DMB-1104, Claim against the State of Michigan for Personal Losses Less than \$1,000.
SAB-810, Finance and Claims Agenda Format.

PROCEDURES:

Requesting Agency:

- If the proposed action is a contract, grant or purchase order, any of the following requirements determines whether State Administrative Board approval is required prior to execution of the contract, grant, purchase order, or an amendment to the contract, grant or purchase order:
 - State contracts, grants, or purchase orders of \$250,000 or more which require such approval, regardless of their source of funding or duration, are:
 - Contracts, grants or purchase orders for all supplies, materials, and equipment; for all services, including consulting, research, and professional services; between State departments and private vendors, between State departments and educational institutions, or between State departments and other governmental units;
 - Contracts, grants or purchase orders whose dollar values are not fixed but which are estimated to be \$250,000 or more;
 - Contracts, grants, or purchase orders for commodities or services available from only one source.

- Contract, grant or purchase order amendments of \$125,000 or more also require the approval of the State Administrative Board.
- Subsequent amendments to contracts, grants, and purchase orders having received approval of a \$125,000 amendment or more will require additional State Administrative Board approval regardless of the amount.
- Emergency contracts of \$250,000 or more involving public health or safety do not need prior approval (See Procedure 0510.09). These contracts shall be reported to the State Administrative Board as soon as possible after execution, in writing.
- If the proposed action is a contract, grant, or purchase order, the following material shall be submitted to the Secretary of the State Administrative Board:
 - 1 copy of an Agenda Format (SAB-810)
 - Example:

DEPARTMENT OF (Type in name) .

Requests approval of the following contracts:

| | | |
|-----|-------------------------------------------|---------------------------------------------------------------|
| (1) | ABC Corporation Grand Rapids, Michigan | \$350,000 TOTAL Testing Services |
| (2) | Acme Distillery Company Chicago, IL | \$225,000 AMENDMENT \$745,000 NEW TOTAL Liquor Purchase |
 - For each contract, grant, purchase order, or contract amendment to be submitted for the agenda:
 - 10 copies of a completed and signed Contract Abstract Form
 - 1 copy of CS-138 form approved by Civil Service, if applicable.
 - 2 copies of the proposed contract, grant, purchase order or amendment (or model contract) including all applicable prior amendments.
- If the request is for disposal of state controlled property, see Procedures 0110.01, 0340.05 and 0220.01.
- If the request is for write-offs of state receivables, see Procedure 1210.28.
- Contracts with appeal periods expiring after the Finance and Claims Committee meeting date, but prior to the State Administrative Board meeting date are permitted. Contracts with appeal periods expiring the same date as the State Administrative Board meeting date or later are not

acceptable for State Administrative Board consideration. Any exceptions to this policy require a letter of explanation from the requesting department director.

- If the request is for release of capital outlay funds, see Procedure 0110.04.

CLAIMS AGAINST THE STATE:

- If the request is for settlement of a small claim for property damage or personal injury against the state, its departments/agencies, officers, or colleges and universities in an amount under \$1,000, the State Administrative Board is authorized to decide these claims. See M.C.L. 600.64
- The claimant must prepare a notarized DMB-1104 Claims Against the State or a notarized Transportation Claim Against the State and submit the completed form and copies of pertinent information to the Secretary of the State Administrative Board.

CLAIMS BY STATE EMPLOYEES

- The State Administrative Board has delegated authority to department directors to approve claims for State employees up to \$500.00 except for claims for eyeglasses, automobile repairs, jewelry over \$50.00, or cash over \$100. A monthly report shall be submitted to the State Administrative Board by the director, or the director's designee, when a claim is approved or denied under the delegated authority.
- State employee claims for damaged or lost personal effects worn or on the person, such as eyeglasses, jewelry, watches or clothing, in order to be approved, shall establish each of the following:
 - The loss or damage occurred while the claimant was engaged in the performance of his/her duties as a State employee.
 - The loss or damage occurred in the course and by virtue of the claimant's employment.
 - The claimant was without fault and could not have avoided the loss or damage by exercising reasonable care.
 - The personal effects lost or damaged were reasonable for the claimant to have on his/her person or to be wearing in the course of his/her employment at the time of the loss or damage.
 - The claimant must not have been reimbursed for the loss or damage nor have a remedy for reimbursement from any other source, including his/her or another's insurance policy other than the State of Michigan vision insurance policy.
 - The claim must be based on the present value of the property and not the replacement cost. The present value is calculated based on the following depreciation schedule:

- 2 years for clothing, tapes, discs, records, shoes, paperback books and other small purchase items, in a graduated depreciation scale of 20% the first year and 40% of the balance the second year, with a residual value of 10% after the second year.
- 5 years for electronic equipment, typewriters, tools, cameras, televisions, stereos, and other durable products, with a 20% straight line depreciation rate per year until a residual balance of 10% remains.
- Claims of State employees for damages to their personal motor vehicle must contain a satisfactory showing of each of the following:
 - The claimant's vehicle was damaged while properly parked in an area on State property designated for parking, or while being properly and reasonably operated in an area on State property designated for parking or the operation of motor vehicles and under the jurisdiction of the State of Michigan.
 - The claimant's vehicle was damaged by reason of negligence or an action attributable to the State of Michigan or a defect or condition on, in or near the location of the damage.
 - The claimant was without fault and could not have avoided the damage by exercising reasonable care.
 - The claimant must not have been reimbursed for the loss or damage, nor have a remedy for reimbursement from any other source, including his/her or another's insurance policy other than the State of Michigan vision insurance policy.
 - An accident report must have been prepared and be attached to the claim.
 - The vehicle damage claim shall be limited to the lesser of two estimates by a vehicle repair shop.
- Claims of State employees for the theft or loss of personal property, from their workstation or other location in the building they work, or from a State vehicle or their private vehicle while being used in the course of their employment, must contain a satisfactory showing of each of the following:
 - The personal property was necessary for or improved the claimant's performance of his/her duties as a state employee and not merely for ornamentation, decoration or personal pleasure or use.
 - The claimant was without fault and did not leave the stolen or lost property unattended during hours the building was open to the public, or leave the lost or stolen property in an unsecured place after working hours.
 - If money was stolen, that it had been taken by force or threat of force at the claimant's workstation. If the amount was over \$100.00, the reason for possession of the excess over \$100.00.

- If clothing, it was in a place designated by the claimant's employing agency for employees to hang or place clothing.
- The claimant was not reimbursed for the lost or stolen property nor have a remedy for reimbursement from any other source including his/her or some other person's insurance policy.
- A police investigation was conducted and a copy of the police report is attached.
- The claimant's loss was by reason of negligence or an action attributable to the State of Michigan.
- The claim must be based on the present value of the property and not the replacement cost. The present value is calculated based on the following depreciation schedule:
 - 2 years for clothing, tapes, discs, records, shoes, paperback books and other small purchase items, in a graduated depreciation scale of 20% the first year and 40% of the balance the second year, with a residual value of 10% after the second year.
 - 5 years for electronic equipment, typewriters, tools, cameras, televisions, stereos, and other durable products, with a 20% straight line depreciation rate per year until a residual balance of 10% remains.

CLAIMS AGAINST THE STATE BY THE GENERAL PUBLIC

- All claims submitted to the Board must be on either the DMB-1104 or the Transportation Claims Against the State form.
- The claim form must be notarized.
- A description of the loss or damage must be stated on the form.
- The loss or damage was caused by the negligence of the State or a State employee. The claimant was without fault and could not have avoided the loss or damage by exercising reasonable care
- Documentation for ownership, original cost of the item, repair of the item, or itemized bills, and police reports when applicable, must accompany the form.
- If there is any remedy for reimbursement from any other source, including his/her or another's insurance policy, the amount of the remedy must be included. If the remedy is from an insurance company, proof of the deductible amount should be included with the submission.
- The claim must be based on the present value of the property and not the replacement cost. The present value is calculated based on the following depreciation schedule:

- 2 years for clothing, tapes, discs, records, shoes, paperback books and other small purchase items, in a graduated depreciation scale of 20% the first year and 40% of the balance the second year, with a residual value of 10% after the second year.
- 5 years for electronic equipment, typewriters, tools, cameras, televisions, stereos, and other durable products, with a 20% straight line depreciation rate per year until a residual balance of 10% remains.
- If the property is disposable, such as food, cosmetics, or personal hygiene items, no reimbursement will be considered unless there is a receipt showing the items were new. For reimbursement of claims related to disposable property, Department of Correction inmates must follow the Department of Corrections' policies and procedures related to non-refundable items.
- An exception to the depreciation schedule is granted to inpatients of State psychiatric hospitals and centers for developmental disabilities that, due to their unusual dependency upon the State, are not subject to the depreciation schedule.

PROCESSING CLAIMS

- Claims are to be sent to the Secretary of the State Administrative Board or to the accounting division of the offending department. **Department of Corrections inmates will expedite the processing of their claims if they file their claims through the Department grievance procedures and the Office of Prisoner Affairs.**
- The Board Secretary shall assign a number and record the claim in the claims log file. Then the claim will be forwarded to the offending department.
- The department shall transmit a copy of all claims to the department personnel assigned to investigate claims or to supervisory personnel with personal knowledge of the incident leading to the claim for an investigative report.
- The investigative report shall be forwarded to the department personnel assigned the claims function. A report should then be prepared for the department's principal executive officer or the designee to make a recommendation to the Board to approve or deny a claim.
- The recommendation to the Board shall be submitted to the Secretary of the State Administrative Board with appropriate copies.
- The Secretary of the State Administrative Board will place the claim information and departmental recommendation on the Finance and Claims Committee agenda of the State Administrative Board, and forward the Finance and Claims recommendation to the State Administrative Board.

- The Secretary of the Board will notify the Department and the claimant of the State Administrative Board's decision by letter.
- The Secretary of the State Administrative Board shall notify the Finance and Claims Committee of any claims over 90 days old.

Secretary to the State Administrative Board:

- Reviews contracts, grants and other materials and prepares summary information for the Director and Deputy Directors of DMB.
- Handles necessary correspondence or other communication relative to items presented.
- Prepares agendas and reports for the Finance and Claims Committee.
- Forwards committee recommendations to the State Administrative Board for action.
- Notifies all parties of the State Administrative Board decisions.

This procedure supersedes all other previously distributed procedures for 0620.02.

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